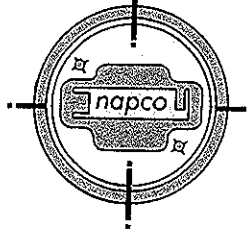


P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرمسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2012

Dear Shareholders,

My warm greeting to all of you and it is my great pleasure to welcome you all on behalf of the Board of Directors. Your Directors are pleased to present the Audited Accounts along with the Auditors' Report for the financial year ending 31st December, 2012.

General economic environment

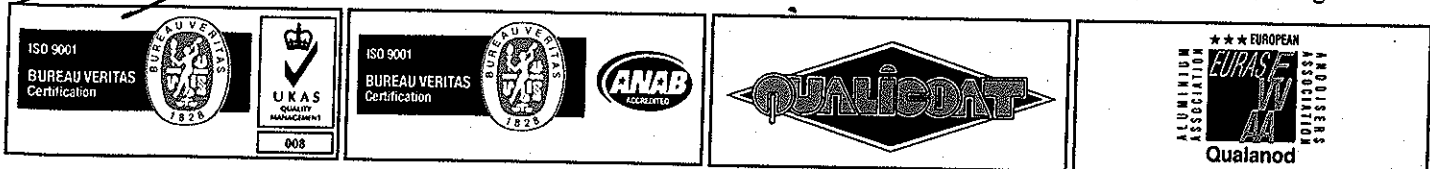
During 2012, few regional economies continued steady growth pace despite the volatile financial environment that prevailed across the global markets. Although, due to stable oil prices, regional economies remained insulated from the financial crises experienced by developed countries in the Euro zone, fewer construction contracts were awarded in the GCC and the wider Middle East and North Africa (Mena) region during the year compared to 2011. Consequently the GCC construction industry failed to live up to expectations in 2012. The wider Mena region, excluding the GCC states, remains a market with significant growth potential however economic volatility cause wide swings in project activity year on year. The main drivers for project development continue to be a combination of high oil prices, demographic and economic growth to invest in domestic infrastructure.

The general business environment during the year under review has been extremely challenging for the aluminium extrusion industry. The GCC region was particularly affected with the emergence of newer players and production capacity enhancements by some existing manufactures

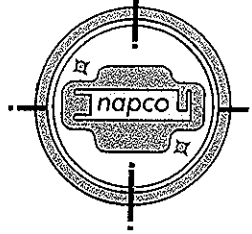
Performance Review

. Due to the industry conditions remain difficult which gets reflected in the performance of the company in the year 2012.

During the year under review the company achieved a profit of RO 337,176 after tax against RO 1,386,614 after tax in the previous year. A continuous rise in production and logistics costs coupled with intense competition from regional players had a



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل. الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠ :
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠ :
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣ :

severe impact on net margins. To mitigate high impact risk, the Company is striving hard towards reducing the cost and expanding its markets and product portfolio.

The financial performance of the company in 2012 as compared to that of 2011 is given below:

Summary of Income Statement		
	RO in 000's	
	Year 2012	Year 2011
Sales	17,737	21,218
Net profit before tax	370	1,572
Provision for tax	(33)	(185)
Net profit after tax	337	1,387

1. Sales

The company manufactured and dispatched 13,434MT of aluminium extrusions during the year, lower by 0.9% vis-a-vis 13,550 MT in the previous year. Total Sales during year 2012 in value terms amounted to RO 17,737,050, registering a decrease of 16% over previous year's figure of RO 21,217,644.

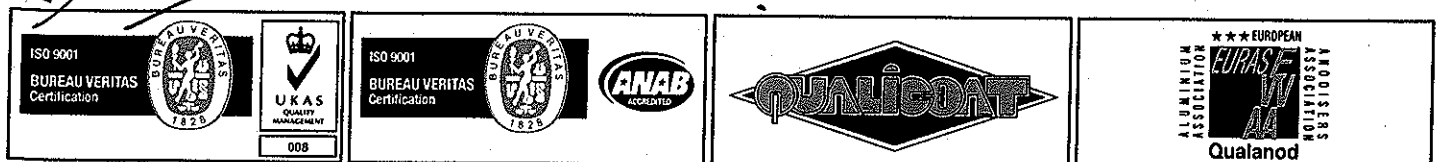
2. Exports

The company continued to retain a strong position in the domestic market, while the company also performed reasonably well in other GCC markets, strong emphasis was laid on expanding customer base outside the GCC region. The company's export sales in value terms were RO 12.2 Million vs. RO 15.3 Million in the previous year.

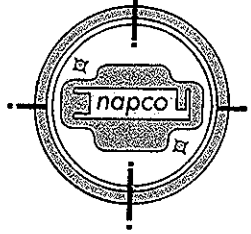
3. Operations

The company was able to maintain the volume year on year even after taking into consideration the adverse effects of increased competition which we have experienced due to changing international market conditions within the industry.

The full impact of margin and cost increases was alleviated to some extent through efficiency improvements throughout the organization and management actions taken at appropriate times.



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل. الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

Dividend

The Board of your Company recommends a dividend of 7 % for the current year (previous year 2011: 20%) on the paid up capital of the company. The dividend proposed is subject to the approval of members in the ensuing Annual General Meeting.

Future outlook

Despite global economic challenges, conditions in the construction industry are expected to improve gradually. In Oman, investment plans continue to be healthy in company's targeted markets including key infrastructure projects such as airports, seaports, hospitals, hospitality facilities and integrated tourism and housing complexes. In addition, the markets in the rest of the region are all planning significant investments in same market sectors.

Management efforts are relentless to penetrate new market segments, develop niche premium markets within the GCC and beyond with a sharp focus on cost effectiveness in all stages of the value adding processes and high quality to achieve better realisations.

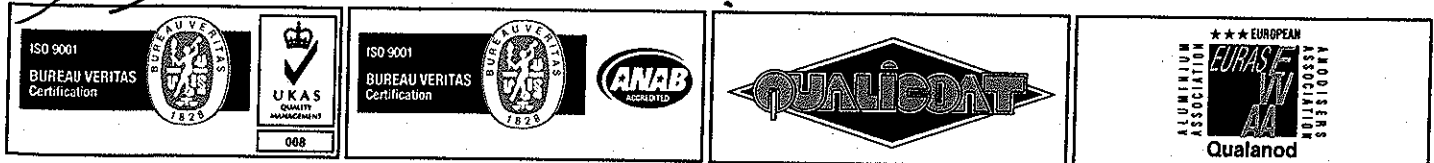
In addition to our ongoing effort, a liability with the limitation period expiring in 2013 will likely result in the generation of appx RO300k in the operational results in the year 2013.

The company relentlessly pursue to increase share in niche market with focus on high quality to achieve better realization.

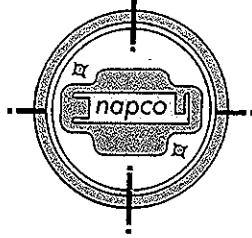
Corporate Governance

Your Company has a strong reputation for practicing exemplary corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. A separate section on Corporate Governance issued by Capital Market Authority with all provisions of Commercial Company Law is part of this Report. A report on compliance with the Code and also a Management Discussion & Analysis Report have also been included.

Health, Safety and Environment



P.O. Box : 15, Rusayl, P. Code : 124
 Sultanate of Oman
 C.R. : 1/22025/0
 E-mail : napco@omantel.net.om
 Website : www.napcooman.com
 Tel. : +968 24446450
 Fax : +968 24446453/24446449



ص.ب : ١٥ الراسيل، الرمز البريدي : ١٢٤
 سلطنة عمان
 س.ت : ١/٢٢٠٢٥/٠
 بريد الكتروني : napco@omantel.net.om
 ويب سايت : www.napcooman.com
 تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
 فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

Health, Safety and Environment

In line with our commitment to the safety of our people, HSE continues to receive the highest priority in our organisation. Your company has been successfully carrying out its daily business activities without any Lost Time Injury (LTI) incident.

Nationalisation

Your company has always paid special attention to recruitment and training of its Omani cadre of employees. The company is committed to progressively attain high levels of Nationalisation at all levels of hierarchy and skills within the organization.

Acknowledgement & Appreciation

The Board wishes to place on record their appreciation to employees at all levels for the contribution made by them through their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

Your Directors take this opportunity to acknowledge and appreciate the support extended by all the investors, clients, vendors, banks, regulatory and government authorities, MSM and CMA and look forward to having the continued support from all of them.

Oman marches ahead in the pursuit of all round development despite a gloomy business environment globally. This was made possible for the vision and pragmatic and timely policies of His Majesty Sultan Majesty's Government.

I wish to place on record, personally and on behalf of the Board of Directors and employees, our deepest gratitude to His Majesty Sultan Qaboos Bin Said and His Majesty's Government for their generous encouragement, support and guidance.

For & on behalf of the Board of Directors
 National Aluminium Products Company S.A.O.G.


Rashid Al Sadi
 Chairman

